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MEMORANDUM FOR: John F. Blake
Deputy Director for Administration

FROM: George L. Cary
Legislative Counsel

SUBJECT: Financial Disclosure

1. As passed by the Senate, S. 555 would require all Federal employees in the grades GS-16-18 or paid according to the Executive Schedule to file financial disclosure statements which would be reviewed by a new Office of Government Ethics and made available to the public upon request. The bill exempts employees of the CIA, when the President determines that public disclosure of the report would reveal the identity of an undercover agent of the Federal Government. In this case, the financial report would be filed with the Director of Central Intelligence and not be made public.

2. The Administration's position on financial disclosure is that each employee should file a report with the head of his agency, and that the head of the agency and the Director of the Office of Government Ethics shall make provisions to assure that each report is reviewed to assure compliance with the law. The Administration would exempt from public disclosure reports filed by employees of the CIA, if the President finds that public disclosure would compromise the national interest of the Federal Government.

3. This office will seek to broaden the exemption contained in S. 555 as passed by the Senate, when the bill is considered in the House of Representatives. There are three arguments in support of our position: (a) Agency personnel rosters and organization charts are classified, and making the reports available to the public would, in effect, disclose classified information; (b) availability of financial records eases the task of identifying possible targets by those who wish to infiltrate the Agency

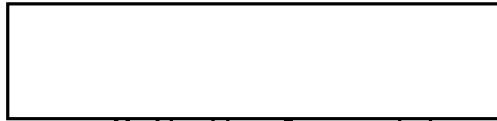
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4. A possible compromise may be to require reports to be filed with the Director and be received by someone outside the Agency. Any such person(s) would be required to possess an Agency clearance. A major question in this regard is whether the receiver(s) would be employees of the Office of Government Ethics or come from some other organization (such as the IO's).

5. Also to be considered is the position the Agency should take concerning Executive Schedule employees. Staffers of the Senate Governmental Affairs Committee seemed to feel these reports should be made public.

6. This bill will likely be given early consideration in the House. Therefore, it is important that I receive your comments as soon as possible.



George L. Cary

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